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RESEARCH BULLETIN

CANNED FOOD LABELS

IN TERMS OF

U. S. GRADES

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CANNED FOOD LABELS IN TERMS OF U. S. GRADES

An Address and Extended Comments

Delivered by

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Agricultural Marketing Service, U. S. Dept. of Agriculture

at

Annual Convention of National Ass'n. of Better Business Bureaus

Los Angeles - June 25, 1941

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To the agency which I have the honor of representing here today is delegated the standardization, grading, and inspection work of the United States Department of Agriculture. This, I think you will agree, gives us a big job -- a big responsibility. Under the authority contained in several Federal statutes and in the annual Agricultural Appropriation Act official standards of quality have been developed for most farm and food products. These include cotton, wheat, corn, and the feed grains; tobacco, wool, and hay; livestock, meats, butter, eggs, and dressed poultry; and fruits and vegetables - not only fresh fruits and vegetables, but also canned, frozen, and dried.

This idea of quality standards is not new. Even in the early days of American Agriculture the buyer and seller of farm produce used some form of standardization when moving commodities in commercial channels. However, uniform standards - uniform by markets, by regions, and by seasons of the year - had their origin only a little more than a quarter of a century ago when standardization work was begun by the Federal Government. Today in order to have the widest possible uniformity the Agricultural Marketing Service maintains a competent, unbiased, and carefully supervised inspection system. Only under such a Nation-wide system of inspection can uniformity in the application of the standards be assured.

It is not necessary for me to discuss the merits of uniform standards. You know that they help to reduce confusion, waste, and chicanery in buying and selling. You know that yardsticks for measuring quality gradations make for greater efficiency in marketing and distribution, whatever the product may be. These facts are similarly recognized by other groups. It is not difficult to understand why. The producer wants to get the price that the quality of his product and the condition of the market entitle him to receive. This is likewise true of the processor and the distributor, who also need uniform quality gage to facilitate buying and selling, particularly at long distances. This brings us to the consumer, let us say the homemaker, who wants as much assurance as possible that she is obtaining a product of a quality in line with the price paid.

Consumer interest in the Federal standardization program is a rather recent development, for originally the United States standards for farm products were worked out primarily for producers and distributors. Now, however, the number of products for which standards are being carried to consumers is steadily increasing. Interestingly enough, too, some of our most pressing demands now being received come from consumer groups who want retail grades formulated and the grade name stamped or labeled on the product in such a way that consumers can know what they are buying and can get what they pay for. These demands have been vocal particularly with respect to canned goods which the consumer herself cannot inspect until she buys the can, takes it home, and opens it.

39 Grades for Canned Fruits and Vegetables

Commercial inspection and certification of canned fruits and vegetables under The Farm Products Inspection Authority were inaugurated July 1, 1931. Certifications since the inception have been based on the standards of this Service and were designated as A or Fancy, B or Choice, and C or Standard.

A.M.S. grades were always issued first in "tentative" form because it is realized that some of the specifications may need to be changed as inspection experience develops more comprehensive information than was available when the grades were issued. A standard is based on such factors as the physical characteristics of the commodity and on experiences of farmers and the trade in handling it and of consumers in purchasing it. Experienced canners, merchandisers, and students of standardization are consulted, and before the grades are published, even in tentative form, they are circulated among interested groups for comment and suggestions. Even after a standard has passed beyond the tentative stage it is subjected to repeated scrutiny and revision as significant changes occur in production, in test methods, in merchandising practices, and in consumer preferences.

These steps have been followed in formulating standards for each of the 39 canned fruits and vegetables for which ABC grades have been issued during the past 10 years. Grades for 6 of these products have been established during the past 6 months. The ABC grades are used in officially determining and certifying quality and condition for warehousing, financing and marketing purposes. Each year in the interest of the consumer, increasing millions of cans of fruits and vegetables are labeled in terms of official grades.

Why ABC Grades

Years ago when "Grandma" performed the big job of preserving our fruits and vegetables the question of grades was not important. When the canner took over most of this job he soon learned that all of his goods could not be of one quality because our crops do not mature in that way. What he did was to segregate the various qualities into such groups as Fancy, Extra Standard or Choice, Standard, and Substandard. At the same time he thought it best to distinguish his goods in some other way in order that his products might be identified. That is when "brands" came into being. The wholesaler followed the same custom and developed brands of his own for the various qualities he sold. In fact, when the wholesaler found it difficult to sell a given brand to more than one retailer in a town, he developed more brands. Today, therefore, we see merchandise of identical grade, often packed in the same factory, selling in stores in the same town, in the same block and even on the same side of the street, under different brand names and at a range in price. That is why official standards for canned fruits and vegetables came into existence.

Some folks have asked why we did not recommend the use of the trade terms Fancy, Extra Standard or Choice, and Standard. We have never disapproved of their use; we think that they might be used to good advantage. But we inclined to A, B, and C terms because of their simplicity. Moreover, they reflect at once the position of the labeled product in the scale of qualities. Grade A represents the finest quality canned fruits and vegetables, carefully selected as to size, color, degree of maturity and freedom from blemishes. Grade B consists of fruits and vegetables of excellent quality, though not quite so well selected as to color, size, and maturity as Grade A products. Products in the Grade C classification are of good quality but are not so uniform in color, size, and maturity as those in Grade B.

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Some people still ask why brand names cannot provide the same indication as to quality. We feel strongly that the multiplicity in brands answers that question. There is such a large number of brands, both advertised and unadvertised, that no consumer can hope to learn the merits of all the brands likely to be found in retail stores in any one town.

Some studies have shown that there are more than 10,000 brands of canned fruits and vegetables on the market. If we were to go into an imaginary grocery store today which had every one of the 10,000 brands stocked, it would be well to remember that every can is one of four grades or qualities. It is either Grade A or Fancy, Grade B or Extra Standard, Grade C or Standard, or Below U. S. Standard, that is, Substandard. I wish to point out in connection with certain fruits, however, that the classification of products falling in the substandard category has been further broken down into grades D, E, and F. But regardless of the brand you may find on a can, remember that for the most part the product in the can is one of four grades.

These grades are employed by the canner when selling his products. The sales through the broker are confirmed on the basis of one of these grades, either expressed or implied in the contract. The wholesaler or chain store buys on the basis of one of these grades. All too frequently, however, this information is not made available to the retail purchaser, who, after all, is the producer's real customer.

We have suggested that it might be in the best interest of the canning and distributing industry if they took the homemakers of the country into their confidence and revealed in simple, easily understood terms, the quality of the merchandise they offer.

Descriptive Labeling

You no doubt have heard at some time about "descriptive labeling" proposed by some in contrast to "grade labeling." Efforts have been made to make it appear that there is a conflict between the two. We want to clarify any misunderstanding that might exist in this regard. We have no desire to debate the subject of A, B, C labeling versus so-called descriptive labeling. We never have raised any objection to descriptive labeling. In fact as early as 1934 we suggested that the information shown on labels should be of two types.

1. A truthful, concise statement of grade in such terms as "Grade A," "Grade B," and "Grade C."
2. Such additional descriptive information as may be appropriate for the product, such as count of pieces in a can of peaches, sieve size of peas, strength of sirup on fruit, number of servings, etc.

Descriptive labeling is part 2 of our program. It is obvious, therefore, that we have no quarrel with descriptive labeling. We merely believe that some simple designation, such as A, B, C or 1, 2, 3, is needed if the consumer is to be given a dependable guide as to the range of quality in canned fruits and vegetables.

Grading of Canned Products

Much of the descriptive information we originally suggested for certain commodities is now required by law or regulation to be shown on the label. Anyone who knows the quality of the products he sells should be able to so label his products that he need expect little difficulty from law enforcement agencies in connection with misbranding. Anyone may use the Grade A, B, and C nomenclature, or, for that matter, the Fancy, Extra Standard, and Standard terms, without having the lots inspected by inspectors of the Agricultural Marketing Service. Our Service grades a surprisingly small fraction of the lots of canned products on which such terms appear today. I hope no one, when he sees the term Grade A, Grade B, or Grade C on a label, will get the impression that the Agricultural Marketing Service has inspected the product. The responsibility for the accuracy of the grade statement on labels rests solely with the vendor, and he will be held responsible in the event his goods are intercepted in interstate commerce and found not to be of the quality claimed on the label.

To the end that labeling will be truly informative and honest the Agricultural Marketing Service cooperates with the Food and Drug Administration of the Federal Security Agency. We shall leave no stone unturned, within the limits of our ability, to do what we can to correct instances of misbranding which may come to our attention.

The Food and Drug Administration makes surveys to determine whether the grade statements appearing on labels are truthful. This Service recently participated in such a survey with the Administration. Inspectors of both agencies visited warehouse after warehouse in which grade labeled goods were stored, and samples were cut from many lots. The survey revealed surprisingly few inaccuracies in comparison with the number of lots examined. Some, but comparatively few, seizures were recommended. Cannerymen and distributors are to be congratulated for their apparent care in properly labeling such a very high percentage of the lots examined. It must be remembered that it is only in comparatively recent years that important advances have been made in the field of labeling, and, as in any new venture, errors are certainly to be expected.

Surveys designed to check the accuracy of grade statements on labels have been made from time to time by private organizations. Properly conducted, such studies may be valuable. Samples have been bought at retail, the labels stripped from the cans, the cans carried or shipped to some concentration office, where they have been repacked and shipped by mail or express to one of our official grading offices. We graded and certified the grade based on precisely what we found at the moment the samples were graded. We feel that such surveys would be infinitely more useful if certain items could be graded just as they are taken from the retailers' shelves, at least before they are subjected to rough handling. I say this because rough handling is certain to result in a lowering of the grade of certain soft commodities such as canned grapefruit, tomatoes, peas and apricots. When such cans reach us, however, we cannot take rough handling into consideration when grading, so we merely report what we find.

In the future the Agricultural Marketing Service will require that the labels remain on the cans sent to us for grading in connection with such surveys. The reason is to facilitate immediate action to correct any inaccuracies in labeling which may come to light as a result of such grading.

We regret to state that for the duration of the National Emergency it probably will be necessary for our fruit and vegetable offices to decline much inspection work. Our facilities are taxed to the utmost in handling the inspection of many millions of cases of merchandise for the U. S. armed forces and also huge quantities purchased by the Department for relief and for distribution under the Lend-Lease Act. Such inspection, of course, has priority over the regular inspection and research work of the Agricultural Marketing Service.

Continuous Inspection

An important development has taken place in the field of processed foods in recent months. I remarked that vendors could use the Department grades - "Grade A," "Grade B," and "Grade C" - on their labels without Government inspection. Some time ago the question arose as to whether they could use the prefix "U. S." in connection with their grade statements. The answer was no, unless the raw material and the manufacturing process all along the line were subject to continuous inspection. A product so labeled, therefore, must be packed in a plant operating under continuous inspection of Federal inspectors, stationed in the plant, who observe each step in the operation and subsequently certify the grade of each lot.

A number of canners indicated their interest in having continuous inspection service. We were obliged to decline their requests because we did not have the facilities and the personnel. As the requests became more insistent we found it advisable to experiment in this field in order to ascertain whether such labeling would command the respect of consumers and thus promote the sale of more canned foods and whether a wider market could be developed for crops grown for canning. Last year we invited six canning plants to join us in the experiment. For the most part these plants packed fruits. The plants were selected with due regard to the excellence of plant equipment, their location with respect to raw materials, the disposition of the personnel to cooperate with us in improving their packs, their willingness to operate under housekeeping rules we laid down with regard to sanitation, and a number of other considerations.

There is now on the market in very limited volume merchandise labeled with a shield of this Department in which is shown the terms "U.S. Grade A," "U.S. Grade B," or "U.S. Grade C" and perhaps another shield in which appears the statement "Packed under continuous inspection of the Agricultural Marketing Service of the U. S. Department of Agriculture." Our inspectors were in these six plants at all times during their operation last year. They observed every step in the operation of the plants from the time the goods were received in the receiving sheds until the processed products were finally graded and certified as to grade, days later. The cost of the expenses for the work is borne by the canners.

Incidentally, we are frequently asked what the continuous inspection service will cost the canner. Although it is a little early to state just what the exact cost will be, it probably will range from one-third of a cent to three-fourths of a cent a case, depending upon the volume packed in each plant.

In order to sound out consumer opinion as to the practicability of the new service, we enlisted the cooperation of the home economics departments of several of the leading universities. Displays were built in stores throughout the country and purchasers of products bearing the new labels were asked to fill in a questionnaire after they had used the product. Only one university has completed its initial survey and released its findings to the press. I now quote from the release of Dr. Jessie V. Coles, Associate Home Economist, New York University.

"The results of the study show that 97 per cent of those who used canned foods graded by and packed under the continuous inspection of the United States Marketing Service liked them well enough to buy them again. No one stated a preference for ungraded over graded products and only three per cent were in doubt as to whether or not they preferred graded foods. Great confidence was expressed in the government service and in many cases the need for such service was stated specifically by the homemakers interviewed.

"The greater uniformity in quality secured by such grading and inspection services apparently appealed to the consumer since this was the most frequently given reason for desiring government grading.

"The homemaker's ability to judge quality and to get the most value for the money expended were the next important reasons for buying graded foods."

The continuous inspection experiment has attracted a great deal of attention, in fact so much so that we have felt justified in inviting a few more plants to cooperate with us this season. Accordingly, at least 20 plants will operate this year under continuous inspection. They are scattered rather widely over the United States. Whether the experiment will grow into a permanent service of the Department, we cannot say. The answer no doubt will depend in a large part upon the results.

ABC Labeling

So today, consumers can buy ABC grade-labeled canned goods - with or without the "U.S." prefix - in many retail stores throughout the country. If the prefix is used, it means that the product has been prepared in a plant operating under continuous inspection of the Agricultural Marketing Service. If the prefix is not shown, the grade statement means that the packer or distributor claims that the product meets the requirements of the grade shown.

As I indicated earlier in my talk, the Department long ago suggested that descriptive terms as well as grade terms be shown on labels. But descriptive information alone is not enough. Although identical descriptive terms may be used on labels on cans of the same product, the cans may be of different grades. Thus, without a quality statement the consumer would not know whether she should pay, for example, 20 cents, or 16 cents, or 12 cents, for one of three cans bearing the same descriptive terms.

To be specific, the labels on each of four cans of corn might properly have the following descriptive information:

- A statement -
1. that the product is corn
 2. that it is cream style
 3. that the color is white
 4. that sugar and salt were the ingredients used
in seasoning
 5. that the can is No. 2 size
 6. that the inside is enameled
 7. that the contents weigh 1 lb. 4 oz.
 8. that the number of servings is five

The above terms may be used with equal propriety on Grade A, Grade B, Grade C, or Substandard corn.

Again, the labels used on each of four cans might show the following descriptive information:

1. that the product is peaches
2. that they are yellow
3. that they are of the clingstone type
4. that the can contains 7 to 9 halves
5. that they are packed in heavy sirup
6. that the number of servings is seven
7. that the can size is No. 2-1/2
8. that the net weight is 1 lb. 13 oz.

As in the case of corn, the above terms may be used with equal propriety on all four cans, yet the actual quality of the fruit may be either Grade A, Grade B, Grade C, or Substandard.

From this explanation you can readily understand why descriptive information does not properly serve the consumer unless it is accompanied by an accurate statement of grade.

Now I shall attempt to answer some of the questions which I am advised exist in minds of various persons who are unfamiliar with or who oppose grade labeling of canned fruits and vegetables based on grades of the Agricultural Marketing Service. I shall take up each point in the order listed.

Question - "That AMS grades are arbitrary and do not give consideration to personal choices or individual tastes."

Agricultural Marketing Service standards for canned fruits and vegetables are not arbitrary. They are based on the experience and practice of those in the industry interested in improving the quality of their products and the experience and investigations by specialists on the Department staff. They have been developed in cooperation with canners, brokers, distributors, and consumer groups - all of whom have an opportunity to offer constructive suggestions and criticism. They are revised from time to time as the need arises.

Every proposed standard is submitted to a large mailing list with a letter similar to the one attached. Please note that we invite the cooperation of all interested persons. Anyone who feels he has something to contribute to the improvement of the standard is given an opportunity to comment in writing. Every letter received is reviewed and the suggestions carefully considered.

When it is apparent that changes in standards are necessary, the same procedure of securing competent opinion is followed. The statement of grade accompanied by descriptive information gives every possible consideration to personal choices and individual tastes. This would not be so if the statement of grade were omitted.

As has been previously stated, the Department recommends that labels show (1) a concise, truthful statement of grade and (2) other descriptive information as may be appropriate for the product. Thus, along with the symbol designating the grade, we recommend, as do outstanding organized consumer groups which have taken an interest in the matter of labeling, that the specifications of the grade also be outlined on the label.

It is said that Agricultural Marketing Service grades do not give consideration to personal choices. I think that the procedure in developing the standards clearly shows how the opinions of various persons are taken into account and that the personal choices of consumers are reflected in this way. Moreover, by labeling a product not only in terms of the grade but also including on the labels other descriptive information showing the style, density of sirup, and so forth, as we have recommended, buyers are in the best possible position to exercise their personal choices in selecting the cans containing the quality and style of the product they prefer.

Question - "That AMS Grades tend to discourage producers from growing and canning the best foods that can be produced."

Growers benefit by being paid higher prices for their better grade products. Packers who wish to pack high grade canned foods must have high grade raw products. Such packers frequently contract with growers to pay them much higher prices for U. S. Grade No. 1 canning tomatoes, which the canner knows he must have if he is to have his finished product grade in the higher grades. To be specific, today's price in Indiana and Illinois for AMS No. 1 canning tomatoes averages \$16.00 a ton, while the price for No. 2's averages only \$8.00 per ton.*

Question - "That the testing procedure of AMS graders is not accurate and that graders disagree on the qualities of foods from the same pack."

We presume this criticism has been made of every inspection service, private, commercial, or Governmental, from the time inspection services started. Such statements are sometimes made by persons disappointed in the result of the inspection of some lot of merchandise in which they are financially interested.

Exactness of measurement is not possible even in the so-called exact sciences. Years ago surveyors found that measuring the distance between two points was subject to variation. Their discoveries led to the formulation of the "theory of error" recognized in even the most exact sciences. We all recognize the fact that there is no grading service possible without some factor of variation, as between two graders or between the successive measurements made on the same commodity by the same grader. For this reason we must provide some range or "tolerance" in the quality in all standards just as we must realize that the capacity of a No. 2 can changes in volume with variations in the conditions under which it is used. The objective in any grading service is to hold variations in the measurements of quality to a minimum.

If many questions arose in the minds of those who actually have their goods inspected as to the accuracy of the inspectors' findings, it seems logical to assume that objections would be filed with the Department and we would have many requests for appeal gradings. This is not the case. When appeal gradings are requested two other inspectors review the work of the original inspector, and they either reverse or sustain the first inspector's findings. From the last 16,000 official gradings only two appeal gradings have been requested. Frankly, we are rather proud of this record, and it is only possible, we believe, because of the type of experienced personnel we employ and the adequacy of their training.

Question - "What procedure is followed by the Agricultural Marketing Service to determine the factors used in grading and their relative importance. To amplify, why is clearness of liquor the third most important factor in grading canned peas and why is uniformity of color a factor to judge their quality?"

Variation in cloudiness in the liquor of peas may be due to several conditions, among them being improper or careless handling of containers in processing, packing, or shipping; over-processing with respect to time or temperature; percentage and degree of split peas with attendant loss of starch in the liquor; and maturity of the product.

The attached chart shows the method followed in the Agricultural Marketing Service in developing standards for grades. In reference to canned peas, the weightings of the various factors, such as "clearness of liquor" were determined several years ago after conferences with the canners of peas. We have delved into our records of fourteen years ago, and find we had meetings with canners associations such as the National Canners Association, the Tri-State Packers Association, and the Wisconsin Canners Association. The Canners Association are entitled to the credit for developing the first score sheets, and in them we find the genesis of our present grading system.

I find a score sheet proposed by the National Canners Association marked "Tentative Draft No. 1, July 1, 1927" and another headed "Tri-State Grading System" with the statement "Tentative Draft No. 2, Dec. 5, 1927." On the back of the latter sheet is the following significant statement:

"TRI-STATE SYSTEM OF GRADING OF CANNED PEAS

"This tentative score card for grading canned foods is for the purpose of demonstration or practice, to determine whether it is practical to incorporate scoring by points into the definitions of the different grades to the end that definitions will actually mean something and be enforceable.

"Standardization of canned foods is a necessary foundation for increased consumption and when developed will go far to stop abuses and unfair practices on part of either buyer or seller.

"The U. S. Government is now making standards, and is asking for suggestions."

The Canners association performed, likewise, on other commodities such as Corn, Lima Beans, and Snap Beans, and out of many discussions the present grading system was envolved. A number of "cutting bees" (sampling) were held, and in our records we have the written comments of canners, brokers, and wholesale grocers - many of them in their own handwriting - in which they gave us the benefit of their opinions as to how each factor should be rated so as to reflect its relative importance in the grading of each commodity.

Question - "Inasmuch as the Food and Drug Department has set up standards defining the limits of defects that may be allowed in a can of peas, why is it necessary for AMS to go further and set up more restrictive allowances for defects?"

The Food and Drug Administration has authority under the Food, Drug, and Cosmetic Act to develop a minimum standard of quality for all canned foods. This comprises the line between Grade C or Standard and Sub-Standard. There are three recognized commercial grades of peas above Substandard - Grade A, Grade B, and Grade C.

We all know that there is a wide range of quality between the minimum standard for consumption and the highest. To limit quality grading to the regulations of the Food and Drug Department would, in effect, be establishing one grade for human consumption and disregarding a total range of 41 points from top to bottom.

Question - "Do most people in the trade, even those who are objecting to grade labeling, admit that the product which is graded 'A' by the AMS standards represents about the best that can be had in that particular product?"

To answer this question accurately would necessitate making a survey of the trade, which we have not done and have no plans for doing. The very surprising general acceptance of our grades by the largest and best known distributors and canners leads us to believe that they think Grade A is "tops." We can assure you that it is.

Question - "In setting up Agricultural Marketing Service standards for grades, what authority is set up, presumably by law, to decide when grades are official?"

Section 19 of the United States Warehouse Act of August 11, 1916, reads as follows:

"That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined.***"

In addition, the authority in the annual appropriation act for the conduct of the inspection service makes it necessary, in carrying out the language of that authority, to develop standards in order to certify properly the quality of certain agricultural products, including fresh, canned, dried, and frozen fruits and vegetables.

Question - "Is it possible under the numerical scoring system for so-called Grade A peaches as fruit to be scored and graded as Grade B canned peaches and for Grade B peaches as fruit to be Grade A canned peaches?"

This is news to me, and I have no doubt that it will be to every inspector on our force. It is quite possible that peaches which were Grade A when canned might later grade B or C through improper handling, but I can think of no possible way in which Grade B peaches could be graded A.

Question - "In speaking of Grade Labeling as a quick and ready guide to quality, it is spoken almost as though we were dealing with precision materials and precision measurements. We are not. We are dealing with the product of nature and its vagaries on the one hand and with personal tastes and likes on the other.

"The statement is made that the grades are so drawn that each grade represents clearly distinguishable differences in monetary value. But, can they?

"The A.M.S. grading system is based on mathematical scores. For products which have 3 grades - A, B, and C - the mathematical range is 41 points - 60 to 100 inclusive. All 3 grades are limited within that mathematical range.

"First and second grades, A and B, can differ by as little as one point or by as much as 25 points. This is a variation between these grades of from 2 per cent to 63 per cent of the total scoring range of all three grades.

"First and third grades, A and C, can differ by as little as 16 points or by as much as 41 points. This is a variation between these grades of from 29 per cent to 100 per cent of the total scoring range of all three grades.

"Second and third grades, B and C, can differ by as little as one point or by as much as 30 points. This is a variation between these grades of from 2 per cent to 73 per cent of the total scoring range of all three grades.

"There is no precision between grades - no sharp steps that represent clearly distinguishable differences in monetary value."

This statement overlooks the fact that while the total score of products in Grade A and Grade B might differ by as much as 25 points, there is a very narrow margin by which they can differ in their individual factors.

In the case of "clearness of liquor" in peas, for instance, the total range between a can of perfect Grade "A" peas and a can that will barely pass the specifications of Grade B from the standpoint of clearness of liquor would be six points or from a minimum of 14 points to a perfect score of 20. There is only a three-point difference in the scoring of this factor between minimum and maximum for Grade A. Likewise the differences in Grade A peas can be only one point in color uniformity, two points in the matter of defects, and four points in maturity.

Therefore, although the total difference in the score of a perfect can of Grade A peas and a can that barely falls into Grade A could be 10 points provided it scored a minimum in every factor, there is room for only slight variation in any one of the characteristics between any two cans in the same grade.

Question - "It is feared that if Grade Labeling should become prevalent, there will be a gradual and pronounced leveling off of the quality of canned foods pretty close to the bottom of each grade. It could not be an absolute leveling off. Nature is too unstable for that."

"But, there would be no incentive for the canner to pay a premium price for premium seed, to pay the grower a premium price for extra cultivation. Processing would be done at a minimum of cost and care. There would be no incentive for improvement in canned foods, because no one could recapture his excess costs when all Grade A products were sold as 'the best', all Grade B products as equivalent and all Grade C as the same. With such a condition, price, and price alone, would influence every transaction from the retail price back through wholesaler and canner to the price paid the seedsman and farmer."

"Whatever individuality or particular goodness a canner might have been able to develop and which has given personal satisfaction to any segment of consumers, would have to be sacrificed if any extra cost were involved. To put it another way, there would be no tendency - no incentive - to pack to the top of the grade. For the consumer it means one definite thing - canned goods as nearly standardized as nature will allow - and no, or little, improvement in them as time progresses."

It is clearly a fallacy to claim that canners would select products that barely pass specifications in any one grade or that growers would neglect cultivation. There is no way in which they could regulate cultivation so as to arrive barely into Grade A without danger of falling into B or C with a large portion of the crop. Since their efforts will be directed toward producing as much Grade A goods as possible, it is obvious that they will be alert to improvement of crops as a means of increasing income.

It is unfortunate to predict that grade labeling would cause canners to pack to the minimum of the grade. We are certain that this indictment of the canning industry applies only to the few - and what could we expect of these few without grade labeling?

It is a well known fact that the Canadian law requiring grade labeling has not, in any way, lessened competition between brands. Advertising of various brands and other competitive practices have increased under the Canadian program. If a packer packs continually at the top of the grade, and his brand continues to give greater satisfaction to a segment of consumers, it is only logical to assume that the placing of the grade on the can is not going to lessen that satisfaction or reduce the brand's consumption. However, grade labeling will be and is a protection to the consumer and a guarantee of minimum quality.

In conclusion, I wish to stress one more point. Packs of canned products are graded on quality factors by the packer himself, by the broker, or by the jobber,

They are priced by grade.

Statistics of the pack are published by grade.

Spot holdings are reported by grade.

Shipments are reported by grade.

Not only is the general trade in canned fruits and vegetables based on grades but also the vast purchases made by Government agencies. Neither the wholesale grocers, nor the food chains, nor the super-markets, nor speculators are expected to buy canned fruits and vegetables on descriptive terms alone. Therefore, buying by guess should not be expected of the American homemaker. What ABC grade labeling really amounts to, then, is giving consumers the benefit of quality descriptions found useful in wholesale merchandising. It does not mean the destruction of private brands. It still leaves great opportunities for individual salesmanship.

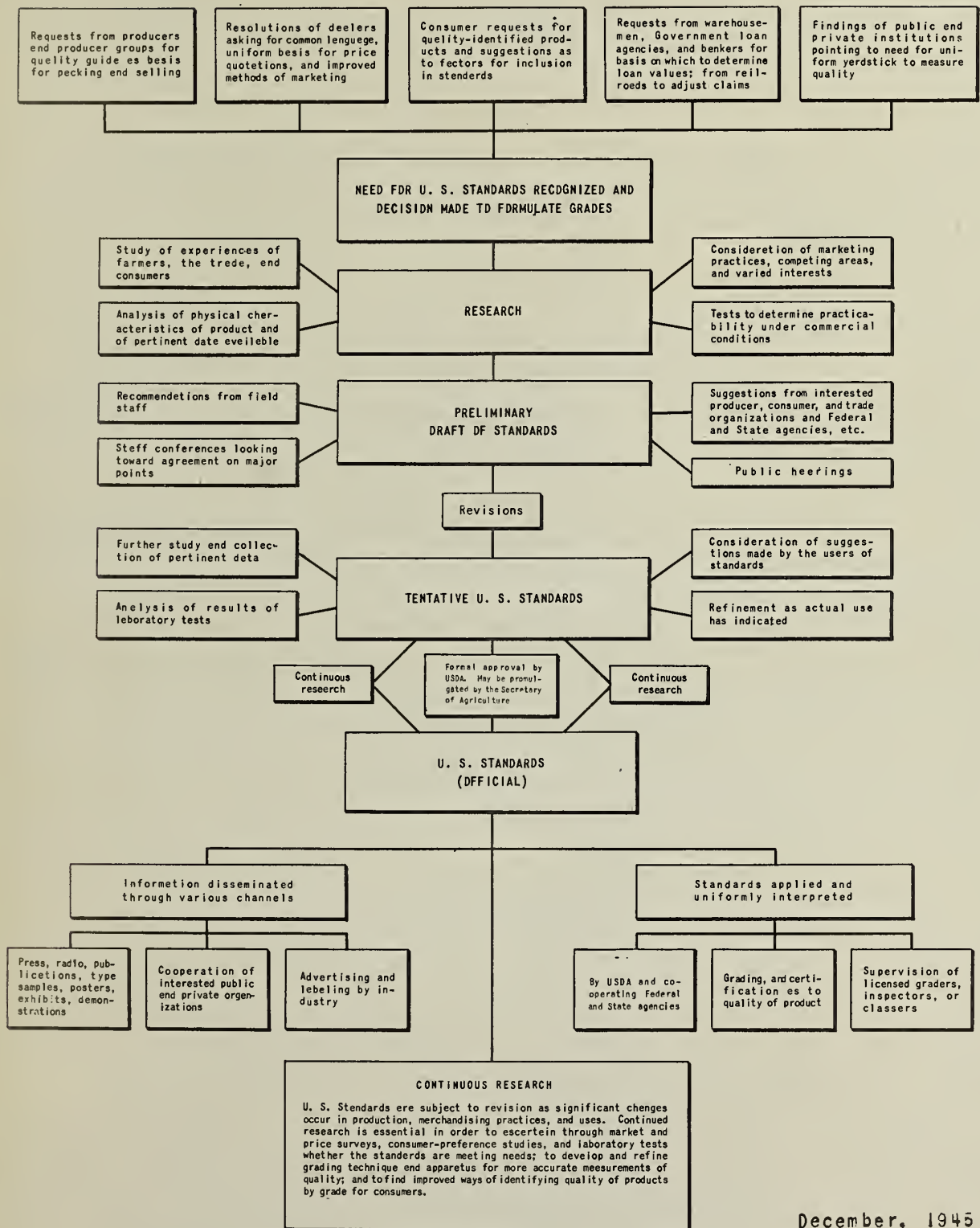
Please understand that we do not consider that the Agricultural Marketing Service standards are perfect. Nor do we claim that the application of these standards is in all cases infallible. Thoughtful suggestions for improvement are always welcome.

It is our sincere conviction, however, that the grade labeling program has distinct merit, and it is our hope that more extensive adoption of this program will lead to increased consumer confidence in canned foods with resultant increased consumption and benefit to canning industry and grower alike.

NATIONAL BETTER BUSINESS BUREAU, INC.
Division of Research

UNITED STATES DEPARTMENT OF AGRICULTURE

Steps in Setting Up Quality Standards for Farm Products



December, 1945

